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Auditors' Report

Deloitte & Touche LLP
Certified Public Accountants

Consolidated Financial Statements of

SUNRISE INTERNATIONAL INC.

September 30, 1999

We have audited the consolidated financial statements of Sunrise International Inc. and its subsidiaries (the "Company") for the year ended September 30, 1999 and the year ended September 30, 1998 and the results of operations and the financial position of the Company at September 30, 1999 and September 30, 1998 in accordance with Canadian generally accepted accounting principles. The consolidated financial statements of the Company for the year ended September 30, 1999 and the year ended September 30, 1998 are presented in the consolidated financial statements of the Company for the year ended September 30, 1999 and the year ended September 30, 1998. The consolidated financial statements of the Company for the year ended September 30, 1999 and the year ended September 30, 1998 are presented in the consolidated financial statements of the Company for the year ended September 30, 1999 and the year ended September 30, 1998.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company at September 30, 1999 and September 30, 1998 and the results of operations and the financial position of the Company for the years that ended on September 30, 1999 and September 30, 1998 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants





Auditors' Report

To the Shareholders of
Sunrise International Inc.

We have audited the consolidated balance sheets of Sunrise International Inc. as at September 30, 1999 and 1998 and the consolidated statements of earnings and retained earnings and changes in cash flows position for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 1999 and 1998 and the results of its operations and the changes in its cash flows for the years then ended in accordance with generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants

December 4, 1999

SUNRISE INTERNATIONAL INC.
Consolidated Balance Sheets
September 30, 1998 and 1997

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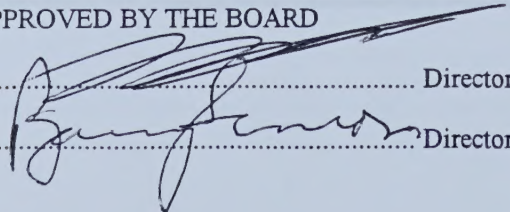
SUNRISE INTERNATIONAL INC.

Consolidated Balance Sheets

September 30, 1999 and 1998

	1999	1998
ASSETS		
CURRENT		
Cash	\$ 214,340	\$ -
Accounts receivable	2,056,191	1,852,215
Inventories	3,282,461	2,845,320
Prepaid expenses and deposits	252,483	172,639
	5,805,475	4,870,174
OTHER RECEIVABLES	256,784	298,320
PROPERTIES HELD FOR DEVELOPMENT (Note 3)	1,861,420	1,280,678
RENTAL PROPERTIES (Note 4)	6,719,445	6,670,975
CAPITAL ASSETS (Note 5)	21,327,753	21,343,561
INVESTMENTS IN AND ADVANCES TO SIGNIFICANTLY INFLUENCED COMPANIES AND OTHER INVESTMENTS (Note 6)	855,754	933,288
DEFERRED COSTS	64,721	65,016
GOODWILL (Note 7)	463,697	489,021
	\$ 37,355,049	\$ 35,951,033
LIABILITIES		
CURRENT		
Bank indebtedness	\$ -	\$ 251,058
Accounts payable and accrued liabilities	2,543,392	2,664,618
Income taxes	887,837	793,728
Current portion of deferred land rent (Note 8)	36,858	60,000
Current portion of long-term debt (Note 9)	1,382,770	1,945,462
	4,850,857	5,714,866
DEFERRED LAND RENT (Note 8)	-	41,669
LONG-TERM DEBT (Note 9)	19,339,382	16,430,711
DEFERRED INCOME TAXES	1,110,000	1,110,000
	25,300,239	23,297,246
CONTINGENCIES AND COMMITMENTS (Note 10)		
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	12,087,776	12,087,776
Contributed surplus	91,610	91,610
(Deficit) retained earnings	(124,576)	475,285
	12,054,810	12,654,671
	\$ 37,355,049	\$ 35,951,917

APPROVED BY THE BOARD

 Director
..... Director

SUNRISE INTERNATIONAL INC.**Consolidated Statements of Earnings and Retained Earnings**

Years ended September 30, 1999 and 1998

	1999	1998
INCOME		
Sales		
Tourism and hotels	\$ 13,278,048	\$ 13,233,281
Retail	8,222,175	8,354,525
Rental	721,129	1,395,731
Income from investments in significantly influenced companies	98,746	117,624
Other	63,302	196,170
	22,383,400	23,297,331
EXPENSES		
Cost of sales		
Tourism and hotels	3,356,150	2,393,417
Retail	5,546,413	6,420,499
Rental	255,014	110,875
General and administrative expenses	10,367,923	10,110,056
	19,525,500	19,034,847
EARNINGS BEFORE THE FOLLOWING	2,857,900	4,262,484
OTHER CHARGES (INCOME)		
Depreciation and amortization	2,108,960	1,792,858
Interest		
Long-term debt	1,546,459	1,514,840
Operating interest and bank charges	322,693	291,548
Gain on sale of capital assets, properties held for development, rental properties and from insurance settlement	(394,351)	(381,139)
	3,583,761	3,218,107
(LOSS) EARNINGS BEFORE INCOME TAXES	(725,861)	1,044,377
INCOME TAXES (RECOVERY) (Note 12)	(126,000)	660,000
NET (LOSS) EARNINGS	(599,861)	384,377
RETAINED EARNINGS, BEGINNING OF YEAR	475,285	90,908
(DEFICIT), RETAINED EARNINGS, END OF YEAR	\$ (124,576)	\$ 475,285
BASIC EARNINGS (LOSS) PER SHARE (Note 11)	\$ (0.014)	\$ 0.009

SUNRISE INTERNATIONAL INC.
Consolidated Statement of Cash Flows
Years ended September 30, 1999 and 1998

	1999	1998
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING		
OPERATING		
Net (loss) earnings	\$ (599,861)	\$ 384,377
Items not affecting cash		
Deferred income taxes	-	(40,000)
Depreciation and amortization	2,108,960	1,792,858
Income from investments in significantly influenced companies	(98,746)	(117,624)
Gain on disposal of capital assets, properties held for development, and rental properties	(394,351)	(381,139)
	1,016,002	1,638,472
Changes in non-cash operating working capital items	(312,841)	471,374
	703,161	2,109,846
FINANCING		
Proceeds from long-term debt	7,353,903	6,660,041
Repayment of long-term debt	(5,584,475)	(5,363,922)
Recovery of land rent	(64,811)	(67,779)
Proceeds from notes receivable	41,536	62,763
	1,746,153	1,291,103
INVESTING		
Purchase of capital assets	(1,942,041)	(7,065,913)
Purchase of rental properties	(731,369)	(781,901)
Purchase of properties held for development	(240,741)	(168,806)
Proceeds from disposal of properties held for development	-	172,540
Proceeds from disposal of capital assets	55,138	453,572
Proceeds from disposal of rental properties	723,817	3,435,223
Advances from investments in and advances to significantly influenced companies and other investments - net	176,280	256,769
Additions to deferred costs	(25,000)	(25,000)
	(1,983,916)	(3,723,516)
NET CASH INFLOW (OUTFLOW)	465,398	(322,567)
(BANK INDEBTEDNESS) CASH, BEGINNING OF YEAR	(251,058)	71,509
CASH (BANK INDEBTEDNESS), END OF YEAR	\$ 214,340	\$ (251,058)
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 1,816,000	\$ 1,796,000
Income taxes	120,000	469,000
	\$ 1,936,000	\$ 2,265,000



SUNRISE INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

Years ended September 30, 1999 and 1998

1. DESCRIPTION OF BUSINESS

The Company is a holding company incorporated under the Business Corporations Act (Alberta). Its shares are traded on the Canadian Ventures Exchange.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company transactions have been eliminated. The wholly-owned subsidiaries are:

Jasper Inn Investments Ltd.
Maligne Tours Ltd.
373568 Alberta Ltd.
497751 Alberta Ltd.
Park Place Building Ltd.
Sunrise Auctions Ltd.
Pyramid Construction Inc.

Jasper Travel Agency Ltd.
Onyx Investments Ltd.
Liquor Hut Inc.
581519 Alberta Ltd.
King Street Mall Ltd.
Yellowhead Equipment Inc.
National Tractor Inc.

2. ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Inventories

Inventories are valued at the lower of cost and net realizable value. Land inventory cost includes capitalized interest and property taxes.

Properties held for development

Properties held for development are recorded at cost which includes the original purchase price, acquisition costs, interest on debt specifically related to the acquisition of the land, property taxes, and where applicable, development costs. Properties held for development are written down to estimated net realizable value in the year in which management determines that a permanent decline in value has occurred.

SUNRISE INTERNATIONAL INC.
Notes to the Consolidated Financial Statements
Years ended September 30, 1999 and 1998

2. ACCOUNTING POLICIES (continued)

Rental properties and capital assets

The Company records rental properties and capital assets at cost. Rental properties and capital assets acquired in 1989 from related parties were recorded at their fair market values at the time of transfer. Depreciation on these assets is provided using the following annual rates and methods:

Rental buildings	4% declining-balance
Tourism and hotel buildings	4% declining-balance
Retail buildings	5% declining balance
Condominiums	4% declining-balance
Tourism marine vessels	15% declining-balance
Parking lots	8% declining-balance
Furniture and equipment	10% - 30% declining-balance
Vehicles	30% declining-balance
Construction equipment	30% declining-balance
Signs	25% declining-balance

The following assets on leased land are depreciated on a straight-line basis over the term of the lease.

Rental buildings
Tourism buildings
Parking lots
Swimming pool
Condominiums

The Company's land leases are within Jasper National Park and have various lease expiry dates between 2007 and 2022.

Investments in and advances to significantly influenced companies and other investments.

Investments in companies in which the Company has significant influence are accounted for on the equity basis. Other investments are recorded at cost. Investments are written down when management has determined there has been a permanent decline in value.

Deferred costs

Costs relating to the leasing of lands in Jasper National Park have been capitalized. These costs are amortized over the term of the lease.

SUNRISE INTERNATIONAL INC.
Notes to the Consolidated Financial Statements
Years ended September 30, 1999 and 1998

2. ACCOUNTING POLICIES (continued)

Goodwill

The excess of the cost of investments in subsidiaries over the fair value of the net assets acquired is recorded as goodwill. Goodwill is being amortized using the straight-line method over its estimated remaining life of 17 to 25 years for assets on land leased in Jasper National Park. The Company assesses the continuing value of goodwill each year by considering current operating results, trends and projections. In the year of impairment in value, goodwill would be reduced by a charge to operations.

Statement of cash flows

The statement of cash flows is prepared using the indirect method.

3. PROPERTIES HELD FOR DEVELOPMENT

	1999	1998
Land and improvements	\$ 1,002,656	\$ 531,288
Leasehold interests in properties	445,000	445,000
Carrying costs	413,764	304,390
	<u>\$ 1,861,420</u>	<u>\$ 1,280,678</u>

Leasehold interests in properties include land located within Jasper National Park held under various leases that expire between 2010 and 2011. Additions for the year included \$340,000 financed by a mortgage from the vendor. Carrying costs capitalized in the current year included property taxes and development costs.

4. RENTAL PROPERTIES

	1999		1998	
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
Land	\$ 1,143,940	\$ -	\$ 1,143,940	\$ 1,123,605
Buildings	4,462,351	1,083,566	3,378,785	3,296,357
Buildings on leased land	3,302,421	1,334,425	1,967,996	2,015,795
Parking lots	363,889	158,447	205,442	206,115
Signs	50,000	26,718	23,282	29,103
	<u>\$ 9,322,601</u>	<u>\$ 2,603,156</u>	<u>\$ 6,719,445</u>	<u>\$ 6,670,975</u>

Buildings on leased land are located within Jasper National Park on land held under various leases that expire between 2010 and 2022.

SUNRISE INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

Years ended September 30, 1999 and 1998

5. CAPITAL ASSETS

	1999			1998
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 736,246	\$ -	\$ 736,246	\$ 742,246
Tourism and hotel building	8,638,421	1,304,154	7,334,267	7,403,866
Retail buildings	1,548,039	446,637	1,101,402	1,086,573
Condominium	241,500	-	241,500	138,727
Tourism marine vessels	1,445,131	922,935	522,196	520,465
Parking lots	360,007	111,995	248,012	130,660
Furniture and equipment	7,082,179	4,217,597	2,864,582	2,637,089
Vehicles	777,858	430,320	347,538	335,533
Construction equipment	-	-	-	317,762
Signs	120,203	78,383	41,820	21,465
	20,949,584	7,512,021	13,437,563	13,334,386
Assets on leased land				
Tourism buildings	9,238,046	2,239,913	6,998,133	7,040,521
Parking lots	107,405	34,183	73,222	77,309
Swimming pool	136,067	24,513	111,554	116,404
Condominiums	1,066,107	358,826	707,281	774,941
	10,547,625	2,657,435	7,890,190	8,009,175
	\$ 31,497,209	\$ 10,169,456	\$ 21,327,753	\$ 21,343,561

Assets on leased land are located within Jasper National Park on land held under various leases that expire between 2007 and 2022. Additions for the year include \$236,551 (1998 - \$28,008) financed by capital lease.

The condominium with a carrying value of \$241,500, is jointly owned with an officer/director and is pledged as security for the debt of the officer/director.

SUNRISE INTERNATIONAL INC.
Notes to the Consolidated Financial Statements
Years ended September 30, 1999 and 1998

6. INVESTMENTS IN AND ADVANCES TO SIGNIFICANTLY INFLUENCED COMPANIES AND OTHER INVESTMENTS

		1998	1999		
	Ownership Percentage	Net Book Value	Advances from Investee	Income of Investee	Net Book Value
<i>Significantly Influenced Companies:</i>					
Thomas Bus Sales (1990) Ltd.	50%	\$ 653,287	\$ -	\$ 69,683	\$ 722,970
Christmas in The Rockies (a partnership)	50%	153,158	(71,280)	22,417	104,295
Maligne River Adventures Ltd.	50%	98,384	(105,000)	6,646	30
Other significantly influenced companies	20% - 50%	(4,117)	-	-	(4,117)
		900,712	<u>\$ (176,280)</u>	<u>\$ 98,746</u>	823,178
Other investments		32,576			32,576
		\$ 933,288			\$ 855,754

Advances to significantly influenced companies are without interest and have no specified terms of repayment.

Other investments do not have a quoted market value.

7. GOODWILL

	1999	1998
Cost	\$ 715,000	\$ 715,000
Accumulated amortization	251,303	225,979
	<u>\$ 463,697</u>	<u>\$ 489,021</u>

8. DEFERRED LAND RENT

During 1997, the Company renegotiated their land rental agreements for certain properties located in Jasper and received a refund of amounts previously paid. Under the agreements, this deferred land rent is to be applied to land rental payments due in the subsequent year.

SUNRISE INTERNATIONAL INC.
Notes to the Consolidated Financial Statements
Years ended September 30, 1999 and 1998

9. LONG-TERM DEBT

	<u>1999</u>	<u>1998</u>
<i>Mortgages</i>		
Mortgage bearing interest at 7.25%, repayable in blended monthly payments of \$106,805, maturing in July 2004. The mortgage is secured by two first mortgages and an unlimited corporate guarantee and a general service agreement granting a floating charge over specific land, tourism buildings, furniture and equipment, condominium, and an assignment or rents.	\$ 11,610,525	\$ -
Mortgage bearing interest at 9.75% repayable in blended monthly payments of \$2,060, maturing August 1, 1999. The mortgage is secured by first fixed charges against a specific condominium assignment of rents and insurance.	-	20,763
Mortgage bearing interest at a rate of 8%, maturing in 2000, repayable in blended monthly payments of \$5,000. The mortgage is secured by specific condominiums.	436,568	458,760
Mortgage bearing interest at prime plus 2%, repayable in blended monthly payments of \$1,895, maturing in 2009. The mortgage is secured by a specific rental property.	-	131,281
Mortgage bearing interest at a rate of prime plus 2%, repayable in blended monthly payments of \$3,500, maturing in December 1999. The mortgage is secured by specific land, a rental building and an assignment of rents and leases.	434,327	438,331
Mortgage bearing interest at a rate of 5%, repayable in monthly interest payments and \$60,000 principal payments in 2000 and 2001, and a final principal payment in 2002. The mortgage matures in June 2002 and is secured by a specific property held for development. This mortgage is owed to a corporation owned by a shareholder of the Company.	340,000	-
Mortgage bearing interest at 8.75% repayable in blended monthly payments of \$88,444 paid out in July 1999.	-	6,036,311
Balance carried forward	\$ 12,821,420	\$ 7,085,446

SUNRISE INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

Years ended September 30, 1999 and 1998

9. LONG-TERM DEBT (continued)

	1999	1998
Balance brought forward	\$ 12,821,420	\$ 7,085,446

Bank Loans

Demand bank loans bearing interest at rates of prime plus 1.75% to 2.0%, repayable in monthly payments of \$91,600 including interest. Remaining amortization period is one year subject to annual loan renewal. The loans mature at December 1999.

7,517,485	11,080,600
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The above bank loans and operating line of credit are secured by demand debentures and general security agreements granting a fixed and floating charge over all assets of the Company and specific charges against certain properties held for development, rental properties, capital assets and assignment of rents and fire insurance proceeds covering all buildings, tourism marine vessels, furniture and equipment and inventories.

Capital Lease

Capital leases bearing interest of 1.9% to 14.18%, repayable in blended monthly payments of \$12,384, maturing at various dates from January 2000 to July 2003. The leases are secured by specific equipment with a net book value of \$240,267.

383,247	210,127
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	20,722,152	18,376,173
Less current portion	1,382,770	1,945,462

\$ 19,339,382	\$ 16,430,711
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Principal repayments due within the next five years assuming bank loans subject to annual loan renewal are refinanced under similar terms.

2000	\$ 1,382,770
2001	2,012,224
2002	1,722,832
2003	1,577,844
2004	1,641,455

SUNRISE INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

Years ended September 30, 1999 and 1998

10. CONTINGENCIES AND COMMITMENTS

- a) The Company is in violation of certain covenants with respect to its bank loans. Management does not believe that this default will affect the terms of repayment.
- b) The Company has issued letters of guarantees on behalf of companies over which it has significant influence in the aggregate amount of \$150,000 as at September 30, 1999.
- c) The Company has entered into long-term land lease commitments for land located in Jasper National Park which expire between 2007 and 2022. Land lease payments are based on the appraised value of the land determined every three years. Estimated lease payments for the next year are \$192,000 under the current agreements.
- d) The Company has entered into a long-term rental agreement for retail space in Jasper for \$164,000 per year which expires January, 2006.
- e) The Company has entered into a lease agreement with a company, which is a shareholder of the Company, for retail space in Spruce Grove, Alberta which expires on November 30, 2000. Estimated lease payments in that period amount to \$17,000.

11. SHARE CAPITAL

Authorized

Unlimited Class A common shares

Unlimited Class B restricted, non-voting shares

100,000,000 first preferred shares

20,000,000 preferred, redeemable shares, redemption price to be determined upon issuance

	<u>1999</u>	<u>1998</u>
Issued		
43,702,510 Class A common shares	\$ 12,087,776	\$ 12,087,776

There have been no changes in the number of common shares outstanding during the year.

SUNRISE INTERNATIONAL INC.
Notes to the Consolidated Financial Statements
Years ended September 30, 1999 and 1998

12. INCOME TAXES (RECOVERY)

The income tax provision on the consolidated statements of earnings and retained earnings differs from the Company's statutory income tax rate of 45% principally because the tax cost of capital assets is less than the carrying value for accounting purposes. The carrying value for accounting purposes was based on the fair market values of the assets at the time they were acquired by the Company. The tax cost of the assets did not change upon their acquisition. Therefore, depreciation expense for accounting purposes exceeds capital cost allowance for tax purposes.

The following reconciles income taxes calculated at the combined basic Canadian federal and provincial income tax rate with the income tax provision in the consolidated financial statements.

	<u>1999</u>	<u>1998</u>
Income tax (recovery) based on the combined basic Canadian federal and provincial income tax rate	\$ (326,000)	\$ 470,000
Tax effect of depreciation greater than capital cost allowance	100,000	100,000
Large corporation tax	60,000	55,000
Tax effect of other permanent differences	40,000	35,000
	<u>\$ (126,000)</u>	<u>\$ 660,000</u>

Tax losses available for future years amounting to \$1,300,000 (1998 - \$400,000) expiring between 2000 and 2003 have been recognized in these financial statements offset against other deferred income taxes.

13. RELATED PARTY TRANSACTIONS AND BALANCES

Significant transactions with related parties not disclosed elsewhere in these financial statements are as follows:

- a) Transactions and balances with companies over which the Company has significant influence (20% to 50% equity interests).

	<u>1999</u>	<u>1998</u>
Rental and tourism revenue ⁽¹⁾	\$ 72,674	\$ 87,832
Management fees received ⁽²⁾	100,000	100,000
Balances in accounts receivable	107,000	108,177

SUNRISE INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

Years ended September 30, 1999 and 1998

13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- b) Transactions and balances with companies that are shareholders or corporations owned by shareholders of the Company.

	<u>1999</u>	<u>1998</u>
Rental and retail revenue ⁽¹⁾	\$ 197,992	\$ 308,131
Interest revenue ⁽¹⁾	-	11,760
Management fee revenue ⁽²⁾	45,765	15,943
Rental expense ⁽¹⁾	27,847	15,649
Management fee expense ⁽²⁾	94,000	120,000
Sale of rental property ⁽²⁾	-	750,000
Vehicles lease expense ⁽¹⁾	121,502	38,539
Advertising fees expense ⁽¹⁾	37,450	28,312
Capital assets purchased ⁽²⁾	1,122,308	304,593
Balances in accounts receivable	62,155	170,989
Balance in accounts payable	-	31,619

- c) Transactions and balances with individuals who are shareholders and, in some cases, directors of the Company.

	<u>1999</u>	<u>1998</u>
Legal expense ⁽¹⁾	\$ 9,248	\$ 24,511
Directors' fees expense ⁽²⁾	6,000	72,000
Management fees expense ⁽²⁾	102,000	6,000
Balance in accounts receivable	-	8,251

- d) Transactions and balances with a company controlled by an individual in the Company's management.

	<u>1999</u>	<u>1998</u>
Retail revenue ⁽¹⁾	\$ 93,494	\$ 377,030
Management fee expense ⁽²⁾	72,529	-
Balance in accounts receivable	22,849	33,681

The above transactions have been recorded at:

- (1) market rates; or
- (2) exchange rates as agreed between the related parties.

The balances have normal terms and conditions.



SUNRISE INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

Years ended September 30, 1999 and 1998

14. FINANCIAL INSTRUMENTS

Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Company's cash flows, financial position and income. The risk related primarily to long-term debt issued at floating interest rates. Currently, \$7,951,812 of the Company's long-term debt is issued at floating interest rates. A 1% change in interest rates would change earnings before income taxes by \$80,000.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from customers. However, the Company has a large number of diverse customers which minimizes concentration of credit risk.

Fair value

Fair values approximate amounts at which these instruments could be exchanged in a current transaction between willing parties. Fair values are based on estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates which reflect varying degrees of risk. Therefore, due to their subjective and uncertain nature, fair value amount should not be interpreted as being realizable in an immediate settlement of the instruments.

Current assets and liabilities are valued at their carrying values due to the relatively short period to maturity of these instruments. The fair value of other receivables and investments in and advances to significantly influenced companies and other investments are not determinable as these instruments lack an available trading market. The fair value of long-term debt is assumed to approximate carrying value as the existing rates represent the rates currently available to the Company.

15. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

SUNRISE INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

Years ended September 30, 1999 and 1998

16. COMPARATIVE FIGURES

Certain of the figures for comparative purposes have been reclassified to conform to the current year's presentation.

SUNRISE INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

Years ended September 30, 1999 and 1998

17. SEGMENTED INFORMATION

	Tourism and Hotels		Retail		Rental		Eliminations		Consolidated	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Revenue from external customers	\$ 13,278,048	\$ 13,233,281	\$ 8,222,175	\$ 8,354,525	\$ 721,129	\$ 1,395,731	\$ -	\$ -	\$ 22,221,352	\$ 22,983,537
Inter-segment revenue	55,550	80,504	28,036	60,368	472,813	325,988	(556,399)	(466,860)	-	-
GROSS REVENUE	\$ 13,333,598	\$ 13,313,785	\$ 8,250,211	\$ 8,414,893	\$ 1,193,942	\$ 1,721,719	\$ (556,399)	\$ (466,860)	\$ 22,221,352	\$ 22,983,537
SEGMENT OPERATING EARNINGS (LOSS)	\$ 1,716,380	\$ 2,638,985	\$ (568,651)	\$ (660,983)	\$ 57,972	\$ 589,440	\$ -	\$ -	\$ 1,205,701	\$ 2,567,442
Income from investments in significantly influenced companies										
Other income							98,746	117,624		
General corporate expenses							63,302	196,170		
Interest on long-term debt							(941,502)	(703,158)		
Gain on sale of capital assets, properties held for development and rental properties							(1,546,459)	(1,514,840)		
Income taxes recovery							394,351	381,139		
							126,000	(660,000)		
NET (LOSS) EARNINGS	\$ 20,442,561	\$ 22,313,429	\$ 6,428,663	\$ 4,039,098	\$ 6,739,517	\$ 7,214,350	\$ -	\$ -	\$ 33,610,741	\$ 33,566,877
Identifiable segment assets									2,888,734	1,451,752
Corporate assets									855,574	933,288
Investment in and advances to significantly influenced companies and other investments									\$ 37,355,049	\$ 35,951,917
TOTAL ASSETS										
Identifiable segment capital expenditure	\$ 1,480,222	\$ 6,203,690	\$ 632,893	\$ 777,546	\$ 731,369	\$ 878,683	\$ -	\$ -	\$ 2,844,484	\$ 7,859,919
Corporate capital expenditures									646,218	184,709
TOTAL CAPITAL EXPENDITURES									\$ 3,490,702	\$ 8,044,628
Identifiable depreciation and amortization	\$ 1,426,203	\$ 1,076,857	\$ 581,678	\$ 299,656	\$ 34,874	\$ 324,324	\$ -	\$ -	\$ 2,042,755	\$ 1,535,712
Other depreciation and amortization									66,206	257,146
TOTAL DEPRECIATION AND AMORTIZATION									\$ 2,108,961	\$ 1,792,858

The Company operates primarily in three industries - tourism and hotels, retail and rental. Tourism and hotel operations include providing recreational services at Maligne Lake in Jasper National Park, Alberta, and hotel accommodations in Jasper, Hinton and Stony Plain, Alberta. Retail operations comprise the marketing of a variety of goods in various locations throughout Alberta. Rental operations consist of renting commercial and residential properties in various locations in Alberta. Inter-segment revenues are accounted for at prices comparable to open market prices for similar products and services.

